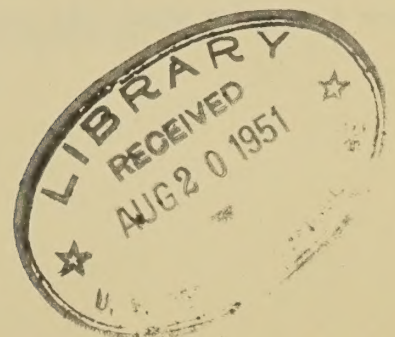


✓³ PRODUCTION CONTROL PROCEDURES
FOR
TELEPHONE ACTIVITIES //
2 U.S. ✓ RURAL ELECTRIFICATION ADMINISTRATION. ↓

2a
✓ Administrative Services Division
omit Production Control Section
April 1951
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Reasons for a Control Procedure:

The Production Control system of the Rural Electrification Administration operates as a tool of top management. Its objective is two-fold. In the first place, it is to provide current information relative to the progress of the program, thus giving the Administrator and divisional officials data on which to formulate plans for future program activities. In the second place, it points up areas in which existing policies and procedures are not adequately meeting the requirements of the program and in which there is need for revisions.

In order to realize its aims, the Production Control system utilizes a "unit control." That is to say, an economically feasible application for a loan is treated as a separate unit, and the application is followed carefully through the various stages of its progress until the final step is reached which accomplished its purpose.

Operating as a "unit control," each action in the evolving chain of progress is surveyed and analyzed with care. Out of the innumerable actions which are required, major actions, or "control points," are selected in such a manner as to provide key check points for evaluating the adequacy of progress. Standard times for the accomplishment of each "control step" are developed, and from these a standard schedule, subject to revision, is established and applied to all loan applications on record. As an example of the scope of such a schedule, an application for a loan for telephone facilities would be followed from the day that the Production Control Section was informed that a borrower had submitted the proper application for a loan, through the steps culminating in the loan approval, the execution of the security documents, the preparation of construction plans and the approval of the construction contract, physical construction, and finally through the inventory and the financial steps which result in a receipt from the contractor, showing his final payment received. Thus is the objective of the application realized.

The use of a "unit control" requires that careful attention be given to hundreds of projects in varying stages of completion. Such a volume of work load would be unwieldy, and certainly impossible to discuss individually each week. To avoid this, the Production Control Section has resorted to a management device which is generally ascribed to Frederick W. Taylor, and is called the "exception principle." In essence, this principle declares that improved management control is exerted more expeditiously when, by means of selection and evaluation of problems at each management level, only the critical problems - those which are exceptions to normal routine - are brought to the attention of top management for information or administrative decision. All other work having met the acceptable standard is permitted to proceed as usual unless the progress falls below the acceptable standard.

The utilization of the principle permits the weekly preparation of the "Slow Rate and Delay Report" which becomes the agenda for the Administrator's Production Control meeting held on Monday morning. This report is really a Progress Report in reverse since it shows what has not been accomplished; whereas the common type of progress

report shows what has been done but does not indicate areas of danger, neglect, or procedural needs. Normally the Deputy Administrator presides over the Telephone Production Control meeting.

A card record of each project is maintained in the Production Control Section, to which is posted the progress data submitted weekly by each participating division relative to documentary processing. Documentary processing refers to the accomplishment of control steps dependent upon legal documents, reports, and similar papers. Records are not adjusted as a result of verbal information unless an obvious error is apparent.

A second important benefit of the Production Control system is the over-all control data derived with respect to program status in terms of dollars and number of documents in process. This information is prepared weekly for program planning purposes and also provides essential data for budgetary purposes.

Establishment of Performance Standards:

The control points and performance standards were established so as to accomplish the aims of Production Control. The control points selected were those which are believed to be significant. The performance standards are presented in terms of calendar days. The standard times are necessarily tentative and subject to revision in the light of experience. However, they have been established on the basis of an appraisal of the operations to date and should serve for the present as a means for determining particular activities which require specific attention. In some case, notably the standards for control steps ARS (Allocation Requirement Satisfied) and FAA (First Advance Authorized), the standard was established to provide an initial check on progress rather than delays in processing.

Zero or "0" Dates:

A "0" date is in effect, a date of origin which serves as the base date upon which to project, or forecast, the future performance dates of a related series of steps. Since it is obvious that significant delays in the performance of any one control step will affect subsequent and over-all performances, consideration must be given toward all possible avoidance of unduly penalizing one line division for delays occasioned by another line division in performing prior control operations.

Reports to the Production Control Section:

Each division responsible for assigned control steps for telephone activities reports to the Production Control Section by 1 o'clock on Tuesday those steps completed during the week ending on the previous Friday.

- A. Applications and Loans Division prepares:
 - 1. Report of Telephone Applications and Loans, AL-T-14R.
- B. Office of the Solicitor prepares:
 - 1. Report of Processing Loan Documents, Telephone, OS-198

- C. Engineering Division prepares:
 - 1. A Memorandum, DS-T-12
 - 2. Report of Construction Documentary Progress, Telephone, DS-T-23
- D. Accounting and Auditing Division prepares:
 - 1. Report of Processing Final Payments, FI-238R

Administrative orders will be forwarded to the Production Control Section as issued.

Recording of Applications and Loan Data By the Production Control Section:

A. Control Card (ADM-T-3):

An 8"x5" visible index card is used for the assembly and recording of production control data for each application for a telephone loan.

<u>Heading</u>	<u>Description</u>
System Designation	State and REA number designation of Borrower
Loan Ltr.	Loan Letter
Type Bor.	Type of Borrower (Co-op or Company)
Name of Company	Formal name of Borrower
City	City in which Company is located
Amount	Dollar amount of application or loan
Subscr.	Number of Subscribers.

B. Procedure for Recording Data:

The system designation, loan letter, type of Borrower, company name, and city are printed on the index line of the Telephone Applications and Loans Control Card. The estimated amount of the loan and the number of subscribers are posted to the appropriate spaces. The date that the application was received is recorded in the space provided immediately below the operation symbol "APR", under "Forecast and Performance of Operations by Dates," and the date that the control step, "A & L Field Study Started" (AFS), should be performed (90 days from "APR") is recorded immediately above that symbol. In each instance of progressing from one control step to the next, the dollar amount and number of subscribers reported is posted to the spaces provided under "Applications Data," so that each completion date of APR, APE, ALR, AIA, LR will be supported by dollars and subscribers posted to the appropriate step under "Applications Data." Unnecessary operations will be reported by indicating "NN" (Not Necessary) in the appropriate spaces in which normally the date of accomplishment of the control step would be reported. Such "NN" steps are recorded in the same manner that a date is recorded. As subsequent data are reported, postings are made in the same manner as outlined here.

As soon as an A & L Field Study is reported started (AFS), the dates (day, month, and year) that the required operations from "EFR" to "AIA" should be performed, as determined by the standard times, are computed and recorded

in the spaces provided immediately above the symbols for such operations under "Forecast and Performance of Operations by Dates."

As soon as the Administrative Order for the Allocation has been received, the date is posted below the symbol "ALA", and that date becomes the "O" Date for the forecasting of the next set of steps (LIR and ARS).

When the Office of the Solicitor reports the execution of the contract (LCE), this date becomes the "O" date for the forecasting of the authorization of the first advance (FAA).

When the Applications and Loans Division has reported the authorization of the first advance (FAA), all steps, pertaining to the loan so far as the Applications and Loans Division and Legal are concerned, have been accomplished and the card is removed.

Applications which have been abandoned are so reported on "Report of Telephone Applications and Loans" with the date of abandonment indicated. The Control Card will be removed.

Recording of Construction Data By the Production Control Section:

A. Control Card (ADM-T-4):

An 8"x5" visible index card is used for the assembly of production control data for each telephone loan during the construction process:

<u>Heading</u>	<u>Description</u>
System Designation	State and REA number designation of Borrower
Loan Ltr.	Loan Letter
Cont. No.	Construction Contract number when assigned
Type Bor.	Type of Borrower (Co-op or Company)
Name of Company	Formal name of Borrower
City	City in which Company is located
Amount	Dollar amount of loan or contract

B. Procedure for Recording Data:

The system designation, loan letter, type of Borrower, company name, and city are printed on the index line of the Telephone Construction Control Card. The amount of the loan is posted to the appropriate space. The date that the loan contract was executed is recorded in the space provided immediately below the operation symbol "LCE", under "Forecast and Performance of Operations by Dates," and the date that the control step, "Engineering Contract Approved" (ECA), should be performed (30 days from "LCE") is recorded immediately above that symbol. In recording from "Analysis of Bids and Summary of Approved Contract" (DS-19R3), the dollar amount of the contract is posted under "Contract Data",

so that the completion dates for CAE and CAA, both of which are also obtained from DS-19R3, will be supported by dollar amounts; the construction contract number is recorded under "Cont. No." on the index line of the card. Unnecessary operations will be reported by indicating "NN" (Not Necessary) on Form DS-T-23 in the appropriate space in which normally the date of accomplishment of the control step would be reported. Such "NN" steps are recorded in the same manner that a date is recorded. As subsequent data are reported, postings are made in the same manner as outlined here.

As soon as the Engineering Contract is reported cleared (ECA), the dates (day, month, and year) that the required operations from "ADA" to "CMA" should be performed, as determined by the standard times, are computed and recorded in the spaces provided immediately above the symbols for such operations under "Forecast and Performance of Operations by Dates."

As soon as "Certificate of Materials Availability" (CMA) is reported cleared, the date is posted below the symbol "CMA" and that date becomes the "O" date for the forecasting of the next set of steps.

When the Engineering Division reports construction physically completed (CPC), this date becomes the "O" date for forecasting the final three steps ("IC", "FRA", and "CRR").

When the Accounting and Auditing Division has reported that the contractor's receipt has been received (CRR), all control steps have been cleared and the card is removed.

Slow Rate Report - Applications and Loan Documents Processes - Form REA ADM 56R:

Headings:

The column headings "State" and "No." under "System Designation" refer to the formal system designations as reported on the "Report of Telephone Pre-Allocation Process". Part of the company name is included for identification purposes.

The column heading "Loan Letter" refers to the Application Designation as assigned by the Applications and Loans Division.

The column heading "Type of Project" (which will be changed to read "Type of Borrower") refers to whether a Borrower is a Cooperative or a Company.

The column heading "Oper" under "Delayed Operation" refers to the control point representing the operation that is delayed.

The column heading "Days" under "Delayed Operation" refers to the number of days that the operation shown in the column "Oper" has been delayed with respect to the previously completed operation. An operation does not

appear on the slow rate report as delayed until the number of days allowed for that particular operation has expired since the preceding operation.

The column heading "Division Responsible" refers to the REA Division that is responsible for reporting completion of the operation.

The column heading "Accum. Delayed from 'O'" refers to the number of days that the operation shown in the column heading "Oper" has been delayed with respect to the base, or "O" control point. For example, for all operations between AFS and ALA, the AFS date is used for the computation of the delays.

Slow Rate Report - Construction - Form REA ADM 57R:

Heading:

The column headings "State" and "No." under "System Designation" refer to the formal system designations as assigned by REA. Part of the Company name is included for identification purposes.

The column heading "Loan Ltr." refers to the Application Designation as assigned by the Applications and Loans Division.

The column heading "Contract No." refers to the construction contract number as assigned by the Engineering Division.

The column heading "Type of Project" (which will be changed to read "Type of Borrower") refers to whether a Borrower is a Cooperative or a Company.

The column heading "Oper." under "Delayed Operation" refers to the control point representing the operation that is delayed.

The column heading "Days" under "Delayed Operation" refers to the number of days that the operation shown in the column "Oper." has been delayed with respect to the previously completed operation. An operation does not appear on the slow rate report as delayed until the number of days allowed for that particular operation has expired since the preceding operation.

The column heading "Division Responsible" refers to the REA Division that is responsible for reporting completion of the operation.

The columns headed "Week's Progress", "% Comp.", and "Rate" (under "Delay") will not be used at this time. Instructions on their use will be issued at a later date.

The column heading "From 'O'" under "Delay" refers to the number of days that the operation shown in the column headed "Oper." has been delayed with respect to the base, or "O" control point. For example, for all operations from ECA through CMA, the ECA date is used for the computation of the delays.

Samples of the Slow Rate Report are attached.

Distribution of Slow Rate Report and Preparation of Answers for Meeting:

Copies of the Slow Rate Report will be distributed to:

Deputy Administrator
Assistant Administrator
Consultant - Telephone
Applications and Loans Division
Engineering Division
Solicitor's Office
Executive Officer
Administrative Services Division
Program Analyst
Engineer - Telephone
Information Services Division
Accounting and Auditing Division
Management Division
Technical Standards Division
Production Control Section

Each Division held responsible for reporting delays on the slow rate report will analyze their records and be prepared to explain reasons for the delay at the meeting to be held each Monday morning.